

Consumer factsheet on credit card surcharging

Why are travel agents allowed to apply payment surcharges?

Travel agents incur costs when they accept a payment from a customer. Different payment methods can have very different costs. Cards that provide significant rewards to consumers are typically more expensive for travel agents. For example, some travel agents face fees of more than 3% on American Express transactions, while transactions on some types of premium MasterCard and Visa cards can currently cost many travel agents more than 2%.

The Reserve Bank of Australia (RBA) and the ACCC have regulated that travel agents have the right to apply a surcharge to more expensive payment methods as they provide a price signal to consumers. Both Departments believe that this will encourage consumers to use payment methods that are less expensive.

Is there a limit on the size of a surcharge?

Yes. Surcharges will not be more than the amount that it costs a merchant to accept a particular type of card for a given transaction and a travel agent can only include five costs in the surcharge. These are detailed below.

- 1) **Bank fees** – eg: *The fee that the bank charges to accept payments by credit and debit cards.*
- 2) **Terminal rental and servicing** – eg: *The fee the bank charges to rent the merchant facility (both physical and online) and to maintain this service.*
- 3) **Gateway fees** – eg: *Fees for international services, switching (system that transfers money) and cross border transactions.*
- 4) **Fraud prevention**– eg: *The costs associated with managing the risk and occurrences of fraud and protecting a consumer payment data.*
- 5) **Insurance for Forward Delivery Risk (supplier failure chargeback)** – *A card holder has a right to dispute a charge where the ultimate supplier goes insolvent before you can use the product. A business can include the cost of an insurance product to offset any losses.*

How do I know the surcharge imposed by a merchant is reasonable?

Surcharges must not exceed the permitted surcharge specified in the [RBA Regulation](#) and detailed above.

Travel agents of different sizes and in different industries have a wide range of payment costs. However, as a guide, payments through the domestic eftpos system are usually quite low cost for travel agents. Debit MasterCard and Visa Debit may cost travel agents a percentage of the transaction value, though for some travel agents the cost of these cards is combined with credit card costs.

MasterCard, Visa credit and American Express payments have a cost to travel agents and this cost can be surcharged at the applicable rate.

How can I avoid paying a surcharge?

Travel agents that choose to apply a surcharge typically offer a non-surcharged payment method. This will typically be a payment type with a lower cost of acceptance, for example BPAY or cheque/cash.

Consistent with requirements under the Australian Consumer Law, travel agents are required to disclose the terms of any surcharge. A consumer who wishes to avoid paying a surcharge should ask the travel agent to identify an alternative non-surcharged payment method.

For further information consumers should read the information provided on the RBA, <http://www.rba.gov.au/> or the ACCC <https://www.accc.gov.au/websites>.